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THE CITY OF SAN DIEGO
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DONNA FRYE

M E M O R A N D U M

DATE: January 7, 2008

TO: Honorable Councilmember Donna Frye, District 6

FROM: William Anderson, FAICP
Deputy Chief Operating Officer: Executive Director
City Planning & Development

SUBJECT: Draft General Plan Housing Capacity Issues

The following is in response to your concerns regarding Draft General Plan housing capacity figures and policies as stated in your memo dated December 14, 2007.

The Housing Element Adequate Sites Inventory is a state-mandated inventory of parcels which the City believes has the potential to be developed with housing. A majority of these sites are already zoned and designated for residential use in the respective, currently adopted, community plans. A small amount (eight percent) of the sites represents proposed residential development in review that requires a community plan amendment. The fact that a site appears on the inventory does not necessarily mean any residential development will occur since property owners often do not exercise their full entitlement for various reasons.

The adopted Housing Element (FY 2005- FY 2010) identifies 122,000 units in the City's adequate sites inventory. The 122,000 units includes approximately 36,000 units that were completed, under construction, or permitted between 2003 through 2005 (as the state allowed for a 7.5 year time frame for the regional share goal associated with this Housing Element update). As of 2005, this leaves a balance of approximately 86,000 housing units in the adequate sites inventory that could be built.

SANDAG determined that the City's Housing Element Fair Share for January 1, 2003 – June 30, 2010 is approximately 45,700 units, of which 60 percent should be available for residents with very low to moderate incomes. The 45,700 units is well within our housing unit capacity. The City's fair share allocation is determined by SANDAG from the total

San Diego regional share. The state's regional housing projections and allocation process occurs every five years.

While the Housing Element is required to be updated every five years, the remainder of the General Plan is on a longer planning horizon. Thus, the General Plan as a whole must plan for anticipated housing needs over the next 20 years or more, rather than the next five years. While the City is currently meeting its fair share allocation, current trends indicate that it will be increasingly difficult to provide needed housing, particularly affordable housing, and staff believes that it is prudent to strive to increase housing opportunities, when consistent with other General Plan policies, to provide adequate housing capacity for the 20-year General Plan horizon and beyond. This goal is prudent for the following reasons:

- 1) to maintain a fluid and affordable housing market by ensuring adequate supply;
- 2) to provide the flexibility to adjust housing densities (either increase or decrease) as community plans are updated and still maintain an adequate supply citywide;
- 3) to provide enough lead time to respond if the state determines that future supplies are inadequate to meet state mandated fair share allocations, and;
- 4) to ensure that any decreases in density from community plans updated in the near-term would not need to be reallocated to community plans that will be updated beyond the next 10 to 15 years.

Over the last ten years, the City has issued an average of approximately 6,000 residential building permits per year. Due to the decrease in developable vacant land and the complexity of infill development, it is likely that this yearly average will decrease. The SANDAG 2030 Forecast for the City has an average of 4,600 units per year. Using the SANDAG forecast average and approximately 86,000 housing units in the adequate sites inventory, it is feasible that the City will have adequate housing capacity for the next 15 years. As stated in the introduction to the City's adopted Housing Element:

"The City of San Diego has adequate land zoned and designated for housing to meet its Regional Housing Needs Assessment (RHNA) housing supply goals for the five years of this housing cycle. However, eventually it will be necessary to rezone and redesignate more land to create capacity for more housing supply, especially after 2015. It is anticipated that this process will take place beginning in 2007, as individual community plans are updated, given the time lag to prepare plans and provide public facilities to serve new growth. New housing must be well designed and permitted only in appropriate locations consistent with the City of

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Villages concept. Gaining community acceptance of the higher-density housing that will need to be built will be a most challenging task. A variety of tools and methods to achieve this goal will be necessary, some of which are described in this Housing Element."

Staff recommends that draft General Plan policies that provide direction for community plans to preserve or increase planned capacity of residential land uses be adopted as drafted, to help ensure that the City can continue to meet its fair share allocation for housing over the next several housing element update cycles.



William Anderson, FAICP
Deputy Chief Operating Officer: Executive Director
City Planning & Development

WA/TG

Distribution:

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